

**TOWN OF MARINGOUIN, LOUISIANA**

**FINANCIAL STATEMENTS**

September 30, 2014

# TOWN OF MARINGOUIN, LOUISIANA

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**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and  
Town Council Members  
Town of Maringouin, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maringouin (the Town), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information included in the schedules on pages 50 through 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Gonzales, Louisiana  
March 31, 2015

# **TOWN OF MARINGOUIN, LOUISIANA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our analysis of the Town of Maringouin's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only a part of a greater whole, as should all other sections in this financial report. The readers of this statement should take the time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) provided as required components of this annual financial report.

### **FINANCIAL HIGHLIGHTS**

In 2014 the Town of Maringouin experienced an increase in overall revenues during 2014 relative to prior years. The increases were primarily a result of nonrecurring grants related to capital projects which were financed through a federal assistance program and a private grant.

The major financial highlights for 2014 are as follows.

- Assets of the Town's primary government exceeded its liabilities at the close of the year by approximately \$8.1 million (net position). Of this amount, approximately \$1.1 million (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by approximately \$1.3 million during 2014.
- Governmental activities' net position increased by approximately \$245,000, mainly due to increases in capital grants and contributions and general revenues.
- Business-type net position increased by approximately \$1.1 million due to a capital grant to fund a sewer relocation project.
- As of the end of the year, the primary government's governmental funds reported combined fund balances of approximately \$2.4 million. Approximately 5% of the fund balances, \$128,000 is restricted for fire protection activities.

Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2014, are detailed throughout this analysis.

## USING THIS ANNUAL REPORT

The Town's financial statements focus on the government as a whole and on major individual funds. Both perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Town's accountability.

This annual report consists of a series of financial statements. The government-wide Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 16. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### Reporting on the Town as a Whole

Our analysis of the Town as a whole begins on page 14. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way to determine if the Town is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property and sales tax base and the condition of the Town's roads and buildings, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities we divide the Town into two kinds of activities, governmental and business-type.

**Governmental activities** - Most of the Town's basic services are reported here, including public safety, roads and streets, debt service, and general administration. Property and sales taxes, franchise fees, and private, state and federal grants finance most of these activities.

**Business-type activities** – The Town charges a fee to customers to help it cover the cost of certain services it provides. The Town provides utility services to its residents that include gas, water distribution, and wastewater treatment, which is all reported here.

At September 30, 2014, the Town's net position was \$8.1 million, of which \$1.1 million was unrestricted. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Town's ability to use those net position for day-to-day operations.

Our analysis below of the primary government focuses on the net position and change in net position of the Town's governmental activities.

Town of Maringouin, Louisiana  
Statement of Net Position  
September 30, 2014 and 2013  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,406	\$ 2,413	\$ 626	\$ 788	\$ 3,032	\$ 3,201
Capital assets	<u>1,566</u>	<u>1,346</u>	<u>7,139</u>	<u>5,908</u>	<u>8,705</u>	<u>7,254</u>
Total assets	<u>3,972</u>	<u>3,759</u>	<u>7,765</u>	<u>6,696</u>	<u>11,737</u>	<u>10,455</u>
Current and other liabilities	39	64	1,482	1,422	1,521	1,486
Long-term liabilities	<u>234</u>	<u>241</u>	<u>1,887</u>	<u>1,968</u>	<u>2,121</u>	<u>2,209</u>
Total liabilities	<u>273</u>	<u>305</u>	<u>3,369</u>	<u>3,390</u>	<u>3,642</u>	<u>3,695</u>
Net position:						
Net investment in capital assets	1,392	1,164	5,252	3,941	6,644	5,105
Restricted	128	100	266	229	394	329
Unrestricted (deficit)	<u>2,179</u>	<u>2,190</u>	<u>(1,122)</u>	<u>(864)</u>	<u>1,057</u>	<u>1,326</u>
Total net position	<u>\$ 3,699</u>	<u>\$ 3,454</u>	<u>\$ 4,396</u>	<u>\$ 3,306</u>	<u>\$ 8,095</u>	<u>\$ 6,760</u>

The net position of the Town's governmental activities increased by 7%, or \$245,000, during 2014. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The \$2.2 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Town paid off all its the debt. The changes in net position are discussed later in this analysis.



The net position of the Town's business activities increased by approximately 33%, or \$1.1 million during 2014. The Town operates natural gas, water distribution, and wastewater treatment systems. The primary focus of this activity is to operate on a profitable basis. This increase is largely due to the addition of non-depreciable capital assets recognized for the utility systems.

The results of this year's operations for the primary government as a whole as reported in the Statement of Activities are as follows:

Town of Maringouin, Louisiana  
Changes in Net Position  
September 30, 2014 and 2013  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 66	\$ 66	\$ 677	\$ 723	\$ 743	\$ 789
Capital grants and contributions	500	26	1,591	319	2,091	345
General revenues:						
Ad valorem taxes	17	18	-	-	17	18
Sales taxes	1,395	1,289	-	-	1,395	1,289
Other general revenues	<u>51</u>	<u>109</u>	<u>7</u>	<u>1</u>	<u>58</u>	<u>110</u>
Total revenues	<u>2,029</u>	<u>1,508</u>	<u>2,275</u>	<u>1,043</u>	<u>4,304</u>	<u>2,551</u>
Functions/Program Expenses:						
General government	422	386	-	-	422	386
Public safety	633	672	-	-	633	672
Roads and streets	722	409	-	-	722	409
Utility operations	-	-	1,111	997	1,111	997
Interest on long-term debt	<u>7</u>	<u>5</u>	<u>74</u>	<u>66</u>	<u>81</u>	<u>71</u>
Total expenses	<u>1,784</u>	<u>1,472</u>	<u>1,185</u>	<u>1,063</u>	<u>2,969</u>	<u>2,535</u>
Increase (decrease) in net position	245	36	1,090	(20)	1,335	16
Beginning net position	<u>3,454</u>	<u>3,418</u>	<u>3,306</u>	<u>3,326</u>	<u>6,760</u>	<u>6,744</u>
Ending net position	<u>\$ 3,699</u>	<u>\$ 3,454</u>	<u>\$ 4,396</u>	<u>\$ 3,306</u>	<u>\$ 8,095</u>	<u>\$ 6,760</u>

The increase in the primary government net position between 2014 and 2013 largely relates to increases in capital grants and sales and use tax revenues.

## **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. These statements focus on the major funds rather than generic fund types.

### **Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins on page 16 with the fund financial statements that provide detailed information about the most significant funds and not the Town as a whole. Some funds are required to be established by state law or by bond covenants. However, the Town Council establishes other funds to control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other types of resources. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the Town's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds are described in a reconciliation to the financial statements. The governmental major funds presentation (Exhibits A-2 and A-4) is presented using the modified accrual basis of accounting and focuses on the major funds of the Town.

**Proprietary funds**—When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds are the same as the business-type activities we report in the government-wide statements but more detail and additional information, such as cash flows, is provided for proprietary funds.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's major funds.

### Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Fund entitled the Fire Protection Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2014 and 2013 by fund type:

	(in thousands)			
	2014		2013	
	General Fund	Special Revenue Fund	Totals	Totals
Revenues and other financing sources	\$ 1,903	\$ 153	\$ 2,056	\$ 1,508
Expenditures	<u>1,913</u>	<u>125</u>	<u>2,038</u>	<u>1,250</u>
Net change in fund balance	(10)	28	18	258
Beginning of year	<u>2,251</u>	<u>100</u>	<u>2,351</u>	<u>2,093</u>
Ending of year	<u>\$ 2,241</u>	<u>\$ 128</u>	<u>\$ 2,369</u>	<u>\$ 2,351</u>

The Town's governmental funds experienced an increase in fund balance of \$18,000 during 2014, primarily due to an increase in intergovernmental revenue. At year end, fund balances were approximately \$2.4 million. Approximately \$128,000 has been restricted for funding fire protection activities. Of the remaining fund balance, \$1.8 million is unassigned and available for utilization at the Town's discretion. The unassigned fund balance is accounted for in the Town's General Fund.

The General Fund is the chief operating fund of the Town. At the end of the 2014 fiscal year the General Fund's total assets were approximately \$2.3 million, of which approximately \$1.6 million are cash and cash equivalents and investments. During 2014, the fund balance of the General Fund decreased by approximately \$10,000. This variation is primarily due to an increase in road and street and capital outlay expenditures.

The Town's other major fund is the Fire Protection Fund, which is a special revenue fund. This fund balance increased by approximately \$28,000 during 2014, primarily due to a decrease in expenditures of \$69,000 when compared to 2013.

Sources of governmental revenues excluding other financing sources are summarized below.

<u>Revenues by source</u>	(in thousands)			
	2014		2013	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 1,455	71%	\$ 1,350	92%
Licenses and permits	52	3%	49	3%
Intergovernmental	503	25%	26	2%
Other	19	1%	37	3%
Total	<u>\$ 2,029</u>	<u>100%</u>	<u>\$ 1,462</u>	<u>100%</u>

Revenues of the primary government for general governmental fund types for 2014 totaled \$2 million compared with \$1.5 million for 2013. The most significant increases were in intergovernmental revenues of \$477,000 and taxes of \$105,000.

Expenditures of the governmental funds increased by approximately \$788,000 in 2014. Expenditures, by each major function, are summarized in the following table.

<u>Function</u>	(in thousands)			
	2014		2013	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
General government	\$ 350	17%	\$ 330	27%
Public safety	446	22%	466	37%
Roads and streets	630	31%	324	26%
Debt service	41	2%	28	2%
Capital outlay	571	28%	102	8%
Total	<u>\$ 2,038</u>	<u>100%</u>	<u>\$ 1,250</u>	<u>100%</u>

The largest increase in spending of \$469,000 was related to capital outlay expenditures. The Town's road and street expenditures also increased by \$306,000 during 2014, as the Town rehabilitated infrastructure, which was funded through a federal grant program.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town's General Fund budget was amended. The amendment of the operating and capital budgets is a customary practice of the Town and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2014 were as follows:

- To reflect an increase in sales and use tax by \$250,000,
- An increase in intergovernmental revenue by \$300,000,
- To decrease public safety expenditures by \$16,000,
- An increase to roads and streets expenditures by \$39,000,
- An increase to general government expenditures by 44,000, and
- An increase in capital outlay expenditures by \$330,000.

With these adjustments, the actual charges to appropriations (expenditures) were \$74,000 more than the related final budget appropriations of \$1.8 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2014 the Town had \$8.7 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, roads, and utility systems. This amount represents a net increase of approximately \$1,450,000, or approximately 20%, over last year and is related primarily equipment purchases and capital projects net of current year depreciation. The Town's capital assets, net of depreciation, at September 30, 2014 were as follows:

	Governmental Activities	Business-type Activities	Totals
Land	\$ 430	\$ 9	\$ 439
Buildings	75	3	78
Equipment and vehicles	657	181	838
Utility plant	-	5,176	5,176
Infrastructure	404	-	404
Construction in progress	-	1,770	1,770
Total assets, net of depreciation	<u>\$ 1,566</u>	<u>\$ 7,139</u>	<u>\$ 8,705</u>

The Town's final 2014 capital outlay budget provided for expenditures of \$727,000, primarily for equipment purchases and facility and street improvements. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

### Debt

At year-end the Town had approximately \$2.1 million in long-term debt outstanding, comparable to the previous year, as shown below:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Revenue bonds	\$ 1,839,199	\$ -	\$ 57,593	\$ 1,781,606
General obligation debt:				
Claims payable	60,184	-	-	60,184
Capital leases	303,932	27,211	52,124	279,019
Note payable	5,790	-	5,790	-
<b>Total</b>	<b>\$ 2,209,105</b>	<b>\$ 27,211</b>	<b>\$ 115,507</b>	<b>\$ 2,120,809</b>

The state of Louisiana limits the amount of general obligation debt that municipalities can issue to 35% of the assessed value of all taxable property within the Town's corporate limits. The Town's outstanding general obligation debt of \$339,203 is significantly below this \$1.4 million state-imposed limit. More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Town's elected and appointed officials considered many factors when setting the 2015 fiscal year budget and tax rates, including the national and state economies. The largest taxpayers to the Town are primarily companies involved in the oil refining and petrochemical processing sectors which are located throughout Iberville Parish. The spending activities of these industries can significantly impact the Town's sales and use tax revenues.

A second important factor affecting the budget is the Town's sales tax collections, which are approximately 35% of total budgeted revenues. The Town believes that sales tax revenues should decrease in 2015 by 4% compared to actual collections in 2014. The 2015 operating budget expenditures are projected to increase by 2% for the public safety and \$1.1 million for the capital outlay functions of the Town. For 2015, revenues are budgeted at \$2.6 million while expenditures are expected to be \$2.8 million. If these estimates are realized, the Town's budgetary fund balance of the General Fund is expected to decrease by approximately \$175,000 at the close of the 2015 fiscal year.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town's Finance Office at (225) 625-2630 or P.O. Box 10, Maringouin, Louisiana, 70757.

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF NET POSITION**

September 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,519,958	\$ 62,793	\$ 1,582,751
Investments	233,870	146,512	380,382
Accounts receivable, net	14,612	41,840	56,452
Grants receivable	-	339,215	339,215
Due from other government	237,438	48,518	285,956
Internal balances	400,000	(400,000)	-
Restricted assets	-	387,197	387,197
Capital assets:			
Non-depreciable	430,515	1,778,789	2,209,304
Depreciable, net	1,135,340	5,360,195	6,495,535
<b>Total assets</b>	<b>\$ 3,971,733</b>	<b>\$ 7,765,059</b>	<b>\$ 11,736,792</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 21,586	\$ 202,998	\$ 224,584
Contracts payable	-	1,161,946	1,161,946
Accrued expenses	16,760	9,637	26,397
Customer deposits	-	107,554	107,554
Noncurrent liabilities:			
Due within one year	96,060	75,020	171,080
Due in more than one year	138,113	1,811,616	1,949,729
<b>Total liabilities</b>	<b>272,519</b>	<b>3,368,771</b>	<b>3,641,290</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,391,866	5,252,348	6,644,214
Restricted for:			
Debt service	-	265,807	265,807
Fire protection	128,457	-	128,457
Unrestricted (deficit)	2,178,891	(1,121,867)	1,057,024
<b>Total net position</b>	<b>3,699,214</b>	<b>4,396,288</b>	<b>8,095,502</b>
<b>Total liabilities and net position</b>	<b>\$ 3,971,733</b>	<b>\$ 7,765,059</b>	<b>\$ 11,736,792</b>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF ACTIVITIES**

For the year ended September 30, 2014

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Functions/Programs</b>						
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 422,424	\$ 51,727	\$ -	\$ 500,134	\$ 129,437	\$ -
Public safety:						
Police	368,922	11,635	-	-	(357,287)	-
Fire	263,810	-	-	-	(263,810)	-
Roads and streets	722,012	2,850	-	-	(719,162)	-
Interest on long-term debt	7,040	-	-	-	(7,040)	-
Total governmental activities	<u>1,784,208</u>	<u>66,212</u>	<u>-</u>	<u>500,134</u>	<u>(1,217,862)</u>	<u>-</u>
Business-type activities:						
Utility operations	<u>1,184,848</u>	<u>677,367</u>	<u>-</u>	<u>1,590,683</u>	<u>-</u>	<u>1,083,202</u>
Total primary government	<u>\$ 2,969,056</u>	<u>\$ 743,579</u>	<u>\$ -</u>	<u>\$ 2,090,817</u>	<u>(1,217,862)</u>	<u>1,083,202</u>
General revenues:						
Taxes:						
Sales and use					1,395,418	-
Insurance premium					41,254	-
Ad valorem					16,717	-
Other					1,179	-
Grants and contributions not restricted to specific programs					4,585	-
Investment earnings					3,178	225
Gain on sale of capital assets					-	7,750
Total general revenues					<u>1,462,331</u>	<u>7,975</u>
Change in net position					244,469	1,091,177
Net position - beginning of year					<u>3,454,745</u>	<u>3,305,111</u>
Net position - end of year					<u>\$ 3,699,214</u>	<u>\$ 4,396,288</u>
						<u>\$ 8,095,502</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF MARINGOUIN, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS

September 30, 2014

	General Fund	Fire Protection Fund	Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,398,202	\$ 121,756	\$ 1,519,958
Investments	233,870	-	233,870
Accounts receivable, net	14,612	-	14,612
Due from other funds	400,000	-	400,000
Due from other government	<u>226,837</u>	<u>10,601</u>	<u>237,438</u>
Total assets	<u>\$ 2,273,521</u>	<u>\$ 132,357</u>	<u>\$ 2,405,878</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 17,686	\$ 3,900	\$ 21,586
Accrued expenses	<u>15,220</u>	<u>-</u>	<u>15,220</u>
Total liabilities	<u>32,906</u>	<u>3,900</u>	<u>36,806</u>
<b>FUND BALANCE</b>			
Unassigned	400,000	-	400,000
Restricted for fire protection	-	128,457	128,457
Unassigned	<u>1,840,615</u>	<u>-</u>	<u>1,840,615</u>
Total fund balance	<u>2,240,615</u>	<u>128,457</u>	<u>2,369,072</u>
Total liabilities and fund balance	<u>\$ 2,273,521</u>	<u>\$ 132,357</u>	<u>\$ 2,405,878</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF MARINGOUIN, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2014

Total fund balances - governmental funds (Exhibit A-2)	\$ 2,369,072
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,565,855
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Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Capital leases payable	(173,989)	
Claims payable	(60,184)	
Accrued interest	(1,540)	
	<u>(235,713)</u>	<u>(235,713)</u>

Net position of governmental activities (Exhibit A)	<u>\$ 3,699,214</u>
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## TOWN OF MARINGOUIN, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

For the year ended September 30, 2014

	General Fund	Fire Protection Fund	Total Governmental
<b>REVENUES</b>			
Taxes:			
Sales and use	\$ 1,242,394	\$ 153,024	\$ 1,395,418
Insurance premium	41,254	-	41,254
Ad valorem	16,717	-	16,717
Other	1,179	-	1,179
Licenses and permits	51,727	-	51,727
Fines	11,635	-	11,635
Intergovernmental	502,984	-	502,984
Investment earnings	3,178	-	3,178
Miscellaneous	4,585	-	4,585
Total revenues	<u>1,875,653</u>	<u>153,024</u>	<u>2,028,677</u>
<b>EXPENDITURES</b>			
Current function:			
General government	350,082	-	350,082
Public safety:			
Police	345,216	-	345,216
Fire	-	100,152	100,152
Roads and streets	629,896	-	629,896
Debt service	19,294	22,052	41,346
Capital outlay	568,798	2,520	571,318
Total expenditures	<u>1,913,286</u>	<u>124,724</u>	<u>2,038,010</u>
Excess (deficiency) of revenues over expenditures	(37,633)	28,300	(9,333)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from capital lease	<u>27,211</u>	<u>-</u>	<u>27,211</u>
Net change in fund balance	(10,422)	28,300	17,878
<b>FUND BALANCE</b>			
Beginning of year	<u>2,251,037</u>	<u>100,157</u>	<u>2,351,194</u>
End of year	<u>\$ 2,240,615</u>	<u>\$ 128,457</u>	<u>\$ 2,369,072</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF MARINGOUIN, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2014

Net change in fund balance - total governmental fund (Exhibit A-4) \$ 17,878

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Capital outlay	\$ 571,318	
Depreciation and amortization expense	<u>(351,822)</u>	219,496

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Proceeds from capital lease	(27,211)	
Principal payments on debt	<u>33,970</u>	6,759

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense		<u>336</u>
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Change in net position of governmental activities (Exhibit A-1) \$ 244,469

**TOWN OF MARINGOUIN, LOUISIANA**  
**PROPRIETARY FUND - PUBLIC UTILITY FUND**

**STATEMENT OF NET POSITION**

September 30, 2014

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 62,793
Investments	146,512
Accounts receivable, net	41,840
Grants receivable	339,215
Due from other governments	48,518
Restricted assets	<u>387,197</u>
Total current assets	1,026,075

Noncurrent asset:

Capital assets:

Non-depreciable	1,778,789
Depreciable, net	<u>5,360,195</u>
Total assets	<u>\$ 8,165,059</u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 202,998
Contracts payable	1,161,946
Accrued expenses	9,637
Customer deposits	107,554
Due to other funds	400,000
Current portion of long-term debt	<u>75,020</u>
Total current liabilities	1,957,155

Long-term debt

Total liabilities	<u>1,811,616</u> <u>3,768,771</u>
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**NET POSITION**

Net investment in capital assets	5,252,348
Restricted for debt service	265,807
Unrestricted (deficit)	<u>(1,121,867)</u>
Total net position	<u>4,396,288</u>
Total liabilities and net position	<u>\$ 8,165,059</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF MARINGOUIN, LOUISIANA  
PROPRIETARY FUND - PUBLIC UTILITY FUND**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

For the year ended September 30, 2014

**OPERATING REVENUES**

Charges for services:

Gas sales	\$ 295,490
Water sales	251,782
Sewer user fees	112,743
Other	<u>17,352</u>

Total operating revenues	<u>677,367</u>
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**OPERATING EXPENSES**

Personnel	265,923
Depreciation and amortization	255,080
Repairs and maintenance	227,686
Gas purchases	215,520
Professional services	67,658
Utilities	34,649
Insurance	32,973
Billing supplies	11,585
Other	<u>270</u>

Total operating expenses	<u>1,111,344</u>
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Operating loss	<u>(433,977)</u>
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**NONOPERATING**

Gain on sale of capital assets	7,750
Interest income	225
Interest expense	<u>(73,504)</u>

Total nonoperating, net	<u>(65,529)</u>
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Loss before capital grants	(499,506)
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<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>1,590,683</u>
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Net income	1,091,177
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**NET POSITION**

Beginning of year	<u>3,305,111</u>
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End of year	<u><u>\$ 4,396,288</u></u>
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**TOWN OF MARINGOUIN, LOUISIANA  
PROPRIETARY FUND - UTILITY FUND**

**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2014

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 808,523
Payments to suppliers	(447,263)
Payments to employees	(267,803)
Net cash provided by operating activities	<u>93,457</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Changes in customer meter deposits and restricted cash	(79,452)
Proceeds of loans due to other funds	(568,312)
Net cash used by noncapital financing activities	<u>(647,764)</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	1,202,950
Proceeds from sale of capital assets	7,750
Capital asset additions	(615,767)
Principal paid on long-term debt	(81,537)
Interest paid on long-term debt	(73,504)
Net cash provided by capital and related financing activities	<u>439,892</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in investments	(378)
Interest income	225
Net cash used by investing activities	<u>(153)</u>
Net decrease in cash	(114,568)

**CASH**

Beginning of period	<u>177,361</u>
End of period	<u>\$ 62,793</u>

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED FOR OPERATING ACTIVITIES:**

Operating loss	\$ (433,977)
Adjustments of operating income:	
Decrease to allowance for doubtful accounts	136,736
Depreciation and amortization	255,080
Change in operating assets and liabilities:	
Accounts receivable	(5,580)
Accounts payable and accrued liabilities	141,198
Net cash provided by operating activities	<u>\$ 93,457</u>

## **TOWN OF MARINGOUIN, LOUISIANA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2014

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement Presentation**

The financial statements of the Town of Maringouin, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In June 1999 the GASB approved Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments* (GASB 34). Certain of the significant changes in the Statement include the following:

- Providing a Management's Discussion and Analysis (MD&A) section which includes an analysis of the Town's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the Town's activities; and
- A change in the fund financial statements to focus on the major funds.

##### **Reporting Entity**

For reporting purposes the Town of Maringouin, as the municipal governing authority, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Town of Maringouin for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Maringouin and, where applicable, its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

**Basis of Presentation**

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). In 2014, there were no non-major funds. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

*Governmental activities* generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

*Business-type activities* are financed in whole or part by fees charged to external parties for utility services provided. The Town's utility services are classified as business-type activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category or fund type) are summarized into a single column.

The daily operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (continued)**

Also, the Town may elect to treat any fund as a major fund that may not meet the above criteria. The Town considers the General Fund and Fire Protection special revenue fund major funds.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds and account groups of the primary government presented in the financial statements are described below.

***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused on changes in financial position rather than net income. The following are the governmental fund types of the Town:

***General Fund*** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Town has elected to treat the Fire Protection Fund, a special revenue fund, as a major fund.

***Debt Service Funds*** - Debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs. The Town does not maintain any debt service funds.

***Capital Projects Funds*** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The Town does not maintain any capital projects funds.

***Proprietary Fund Types***

***Enterprise Funds*** - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund, the Utility Fund, is considered a major fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (continued)**

***Proprietary Fund Types (continued)***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Basis of Accounting and Measurement Focus**

***Government-wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property (Ad valorem) taxes are recognized in the year for which they are levied.

***Fund Financial Statements***

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales and use taxes, ad valorem taxes, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December, January and February of the current fiscal year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (continued)**

***Fund Financial Statements (continued)***

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments, which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

**Cash and Cash Equivalents**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of ninety days or more are classified as investments.

Consolidated bank accounts have been established for the Town into which substantially all monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of the consolidation of bank accounts was to provide administrative efficiency and to maximize investment earnings. The accounts entitled "Cash and Cash Equivalents" are therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account plus its pro rata share of investments made through the investment of excess cash.

The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions. The Town invests funds in accordance with La. R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully-collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town utilizes the Louisiana Asset Management Pool to invest idle funds.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents. See Note 2.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. For governmental activities uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from sewer billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$175,403 was recorded at September 30, 2014.

**Inventories**

The Town does not record any inventories of materials or supplies. These items are recorded as expenditures when purchased rather than when consumed. Materials and supplies on hand at year end are not considered material and, accordingly, the failure to record such inventories is not considered to be a significant departure from generally accepted accounting principles.

**Interfund Receivables and Payables**

During the course of operations transactions may occur between individual funds. Those related to short-term borrowings are classified as "Due from other funds" or "Due to other funds" on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Capital Assets**

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized upon completion of the construction projects.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Prior to the implementation of GASB 34 the infrastructure assets of the Town's governmental funds were capitalized but not depreciated. These assets are comprised of the streets maintained by the Town and have been valued at historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is recorded over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Utility system	13-40 years
Buildings and structures	15-25 years
Equipment and Vehicles	5-10 years
Infrastructure	20 years

***Fund Financial Statements***

In the fund financial statements capital acquisition and construction costs used in governmental fund operations are not capitalized and depreciated, but instead are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

**Capitalized Interest**

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The Town has capitalized \$38,800 in interest costs associated with sewer improvements in prior years.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-term Debt (continued)**

In the government-wide statement of net position and in the proprietary fund financial statements, long-term debt is reported as a liability. The long-term debt consists primarily of utility revenue bonds and certificates of indebtedness for public improvements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Instead, the debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements. The Town is not obligated for any special assessment debt.

**Compensated Absences**

GASB Statement No. 16 provides that vacation leave should be accrued as a liability as the benefits are earned if (1) the rights to receive the compensation are attributable to services already rendered and, (2) it is probable that the employee will be compensated through paid time off or cash payment upon termination or retirement. Permanent, full-time employees earn annual leave on the anniversary date of their employment based upon years of service. Such leave may not carry over or accumulate from one anniversary date to another. Additionally, since vacation leave is not paid upon retirement or termination, there is no accrual of the liability for unused vacation leave.

GASB Statement No. 16 requires the accrual for sick leave to the extent it is probable that benefits will be paid in cash upon termination or retirement rather than as payments for absences due to illness or other contingency. Sick leave is earned at the rate of one day per month to a maximum of ten days per year, and no more than thirty days may be accumulated at any time. Policy provides that sick leave is paid only for designated absences and that no payment for accrued sick leave is made upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

**Government-wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consist of net position that is restricted by the Town's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. This includes the budget reserves.
- **Assigned**—Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- **Unassigned**—All amounts not included in other spendable classifications.

**Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

**Interfund Transfers**

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. No interfund transfers have been made by the Town during 2014.

**Budget Policies and Budgetary Accounting**

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published to inform the public that the proposed budget is available for public inspection and the date, time, and location of the public hearing concerning the budget.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Policies and Budgetary Accounting (continued)**

3. A public hearing is held on the proposed budget at least ten days following publication of the call for the hearing.
4. After the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a budget and appropriation ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Total departmental expenditures constitute the legal level of budgetary control. That is, budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures resulting from proposed spending of revenues that exceed amounts estimated require approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. General and special revenue fund budgets as presented for comparison in this report are adopted under the modified accrual basis of accounting. The proprietary public utility fund budget as presented for comparison is adopted under the accrual basis of accounting. Such budgetary methods are consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted or as amended from time to time by the Town Council. Such amendments were not material in relation to the original appropriation.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

**Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, the date the financial statements were available to be issued.

## NOTE 2 - CASH AND INVESTMENTS

The Town may invest in the United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2014, the Town's deposits were not adequately secured by the pledge of securities and therefore are exposed to custodial risk.

As of September 30, 2014, the Town had a balance of \$353,654 invested in Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955 that operates in conformity with Rule 2a7 of the Securities and Exchange Commission that governs the accounting practice of investment pools.

LAMP is an investment pool with the following characteristics:

- The value of the portfolio is carried at amortized cost.
- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Investment by the Town in the LAMP pool is considered unclassified as to credit risk provided by GASB Codification Section 150.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book form.

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which

securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

### Restricted Cash and Investments

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2014:

<u>Proprietary Fund</u>	<u>Amount</u>
Customer deposits	\$ 107,554
Debt service	279,643
Total	<u>\$ 387,197</u>

## NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2014, consists of amounts due from the Parish of Iberville for sales tax of \$237,438 and \$48,518 from the Louisiana Department of Environmental Quality for construction projects.

## NOTE 4 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes are to be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15% of fair market value; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (La. R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All property taxes are recorded in governmental funds as explained in Note 1 above. Revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected during the fiscal year and are therefore available to liquidate liabilities of the current period.

**NOTE 4 - AD VALOREM TAXES (CONTINUED)**

The property tax calendar is as follows:

Millage rates adopted	August 2, 2013
Levy date	August 2, 2013
Due date	December 31, 2013
Lien date	January 1, 2014
Collection dates	December 1, 2014 to February 28, 2014

For the year ended September 30, 2014 taxes of 4.22 mills were levied for general government and public purposes on property with assessed valuations totaling \$3,989,700. Total taxes levied and collected were \$16,836 and \$16,717 respectively. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS**

As of September 30, 2014, the Public Utility Fund owed the General Fund \$400,000. There were no operating transfers between funds in the 2014 fiscal year.

(continued)

**NOTE 6 - CAPITAL ASSETS**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 165,515	\$ 265,000	\$ -	\$ 430,515
<b>Capital assets being depreciated:</b>				
Buildings and improvements	581,009	27,690	-	608,699
Equipment and vehicles	1,990,599	278,628	-	2,269,227
Infrastructure	1,295,787	-	-	1,295,787
Total capital assets being depreciated	3,867,395	306,318	-	4,173,713
Less accumulated depreciation for:				
Buildings and improvements	521,378	12,480	-	533,858
Equipment and vehicles	1,340,592	272,105	-	1,612,697
Infrastructure	824,581	67,237	-	891,818
Total accumulated depreciation	2,686,551	351,822	-	3,038,373
Total capital assets, being depreciated, net	1,180,844	(45,504)	-	1,135,340
Governmental activities capital assets, net	\$ 1,346,359	\$ 219,496	\$ -	\$ 1,565,855
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,852	\$ -	\$ -	\$ 8,852
Construction in progress	413,246	1,356,691	-	1,769,937
Total capital assets not being depreciated	422,098	1,356,691	-	1,778,789
<b>Capital assets being depreciated:</b>				
Utility plant	8,546,102	48,750	-	8,594,852
Buildings	24,922	1,878	-	26,800
Equipment and vehicles	501,155	78,586	120,379	459,362
Total capital assets being depreciated	9,072,179	129,214	120,379	9,081,014
Less accumulated depreciation for:				
Utility plant	3,208,106	211,093	-	3,419,199
Buildings	22,613	1,120	-	23,733
Equipment and vehicles	355,399	42,867	120,379	277,887
Total accumulated depreciation	3,586,118	255,080	120,379	3,720,819
Total capital assets being depreciated, net	5,486,061	(125,866)	-	5,360,195
Business-type activities capital assets, net	\$ 5,908,159	\$ 1,230,825	\$ -	\$ 7,138,984



**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the primary government as follows:

General government	\$	72,342
Police		23,706
Fire		163,658
Road and streets		<u>92,116</u>
Total depreciation expense - governmental activities	\$	<u>351,822</u>

**Capital Leases**

The Town has acquired various equipment under capital lease obligations. The lease payments relating to the equipment have been capitalized and included in equipment on the accompanying government-wide financial statements. The leased equipment has a cost of \$293,417 and \$136,057, which has been recorded in the governmental activities and business-type activities, respectively. Accumulated amortization recognized on the leases as of September 31, 2014, was \$208,659 and \$48,722 in the governmental activities and business-type activities, respectively.

(continued)

**NOTE 7 - LONG-TERM DEBT**

**Debt Outstanding**

The following is a summary of debt transactions of the Town for the year ended September 30, 2014:

	Balance 9/30/2013	Additions	Reductions	Balance 9/30/2014	Due within One Year
<b>Governmental activities:</b>					
Claims payable	\$ 60,184	\$ -	\$ -	\$ 60,184	\$ 60,184
Capital leases	180,748	27,211	33,970	173,989	35,876
Total governmental	240,932	27,211	33,970	234,173	96,060
<b>Business-type activities:</b>					
2000 Sewer System Revenue Bond	\$ 460,558	\$ -	\$ 9,042	\$ 451,516	\$ 9,458
2005 Sewer Revenue Bond	478,641	-	7,551	471,090	7,868
2013 Water Revenue Refunding Bond	900,000	-	41,000	859,000	39,000
Note Payable	5,790	-	5,790	-	-
Capital Leases	123,184	-	18,154	105,030	18,694
Total business-type	1,968,173	-	81,537	1,886,636	75,020
Total long-term debt	\$ 2,209,105	\$ 27,211	\$ 115,507	\$ 2,120,809	\$ 171,080

Long-term debt obligations for the primary government at September 30, 2014, are comprised of the following:

**Governmental Activities**

Claims payable- FEMA (see Note 11)	\$ 60,184
Capital lease payable in monthly payments of \$1,150, maturing April 2020, bearing interest of 2.93%, collateralized by equipment.	71,013
Capital lease payable in 10 annual payments of \$22,052, maturing April 2018, bearing interest of 4%, collateralized by a vehicle.	80,064
Capital lease payable in monthly payments of \$512, maturing October 2018, bearing interest of 4.910%, collateralized by equipment.	22,912
Total long-term debt from governmental activities	\$ 234,173

**NOTE 7- LONG-TERM DEBT (CONTINUED)**

**Enterprise Fund**

**Revenue Bonds:**

\$900,000 Water Revenue Bonds secured by a pledge and dedication of sewer revenues, due in annual installments of various amounts through January 1, 2031; interest at 3.38%. \$ 859,000

\$543,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,465 through August 23, 2040; interest at 4.5%. 471,090

\$525,000 Bond Anticipation Note secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,263 through April 23, 2045; interest at 4.12%. 451,516

**Capital Leases:**

Capital lease payable in monthly payments of \$938, maturing December 2019, bearing interest of 2.93%, collateralized by a equipment. 54,729

Capital lease payable in monthly payments of \$938, maturing December 2019, bearing interest of 2.93%, collateralized by a equipment. 39,413

Capital lease payable in monthly payments of \$169, maturing July 2020, bearing interest of 2.93%, collateralized by a equipment. 10,888

Total long-term debt from business-type activites \$ 1,886,636

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Bond Restrictions**

**2000 Sewer Revenue Bond**

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 2000, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the enterprise fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sewer Revenue Bond and Interest Sinking Funds require monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$45,725.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$237. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$33,625.
4. The Sewer Contingency Fund requires monthly transfers of \$237. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$33,625.

**2013 Water Revenue Refunding Bond**

In accordance with the indenture governing Water Revenue Refunding Bonds, Series 2013, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the enterprise fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Water Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Funds require monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$58,829.
3. The Water Reserve Fund required a deposit equal to the highest combined principal and interest falling due in any year. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$34,699.

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Bond Restrictions (continued)**

**2013 Water Revenue Refunding Bond (continued)**

4. The Water Depreciation and Contingency Fund require monthly transfers of \$315. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Water Revenue Bond Fund or Water Revenue Bond Reserve Fund. The current balance of the fund is \$6,083.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2014, are as follows:

Governmental Activities						
Year ending 9/30/2014					Capital Leases	
					Principal	Interest
2015					\$ 35,876	\$ 6,128
2016					37,239	4,765
2017					38,656	3,348
2018					40,129	1,113
2019					14,115	1,875
2020					7,974	450
					<u>\$ 173,989</u>	<u>\$ 17,679</u>

  

Business-type Activities						
Year ending 9/30/2014	Capital Leases		Sewer Revenue Bond		Total Business-type Long-term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	18,694	2,830	\$ 56,326	\$ 67,790	\$ 75,020	\$ 70,620
2016	19,249	2,274	58,091	65,690	77,340	67,964
2017	19,821	1,702	59,891	63,521	79,712	65,223
2018	20,410	1,113	63,725	61,250	84,135	62,363
2019	21,017	507	65,597	58,874	86,614	59,381
2020-2024	5,839	41	364,466	255,784	370,305	255,825
2025-2029	-	-	436,825	181,988	436,825	181,988
2030-2034	-	-	293,046	106,148	293,046	106,148
2035-2039	-	-	224,794	58,884	224,794	58,884
2040-2044	-	-	158,845	14,681	158,845	14,681
	<u>\$ 105,030</u>	<u>\$ 8,467</u>	<u>\$ 1,781,606</u>	<u>\$ 934,610</u>	<u>\$ 1,886,636</u>	<u>\$ 943,077</u>

Interest incurred and expensed for the year ended September 30, 2014 is \$73,504.

## NOTE 8 - PENSION PLAN

### State of Louisiana Municipal Employees' Retirement System

*Plan Description* – Substantially all employees of the Town are members of the Municipal Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are paid wholly or in part from Town funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary multiplied for each year of creditable service. Monthly retirement benefits paid under Plan A cannot exceed the lesser of 100% of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate as of July 1, 2014, was changed from 18.75% to the current rate of 19.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the ad valorem taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the system under Plan A for the years ended September 30, 2014, 2013 and 2012 were approximately \$68,200, \$51,800 and \$46,100, respectively, which were equal to the required contributions for each year.

**NOTE 9 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Expenditures Exceeding Appropriations**

Excess of expenditures over appropriations in individual funds or departments within the fund occurred as follows:

	<u>Revised Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Excess (over)/under Budget</u>
<b>Governmental Funds:</b>			
General Fund:			
Roads and streets	\$ 394,647	\$ 629,896	\$ (235,249)
Debt service	-	19,294	(19,294)
Fire Protection Fund:			
Capital outlay	-	2,520	(2,520)

**NOTE 10 - COMPENSATION TO GOVERNING BODY**

The following is a schedule of payments to the council members in fiscal 2014:

	<u>Amount</u>
Mayor John Overton	
Salary	\$ 15,800
Conferences and related travel	<u>8,151</u>
	23,951
Council Members	
Kirkland Anderson	8,600
Demi Vorise	8,600
Sam W. Watson	8,600
Edward James, Jr.	8,600
Clarence D. Wiley	<u>8,600</u>
	<u>\$ 66,951</u>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**Suits and Claims**

Various suits and claims arising in the ordinary course of operations are pending against the Town. The majority of the cases are either covered by insurance or other defenses, however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the Town's management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Risk Management**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the past five years.

**Grants**

As a result of a prior federal audit conducted by the Office of the Inspector General, the Federal Emergency Management Agency has determined that \$60,184 in costs claimed by the Town for disaster clean up were either not allowable or were not supported. This liability has been recorded as long-term debt and is potentially payable from current general government resources. The Town has received other federal and state grants for specific purposes that are subject to review by the grantor agencies. Reviews of these programs could lead to requests for reimbursement by grantor agencies for costs, if any, that might be disallowed under the terms of the grant. Management believes that the amount of such disallowed costs, if any, would not be material.

**Construction Contracts**

At September 30, 2014, the Town had outstanding commitments resulting from the construction contracts in progress of \$1.7 million, of which \$1.3 million has been accrued as contracts payable at September 30, 2014.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF MARINGOUIN, LOUISIANA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes:				
Sales and use	\$ 1,000,000	\$ 1,250,000	\$ 1,242,394	\$ (7,606)
Insurance premium	35,000	35,000	41,254	6,254
Ad valorem	16,000	16,000	16,717	717
Other	1,000	1,800	1,179	(621)
Licenses and permits	53,200	52,900	51,727	(1,173)
Fines	15,000	11,000	11,635	635
Intergovernmental	155,000	455,000	502,984	47,984
Investment earnings	5,000	3,000	3,178	178
Miscellaneous	<u>14,500</u>	<u>40,500</u>	<u>4,585</u>	<u>(35,915)</u>
Total revenues	<u>1,294,700</u>	<u>1,865,200</u>	<u>1,875,653</u>	<u>10,453</u>
<b>EXPENDITURES</b>				
Current function:				
General government	325,885	369,835	350,082	19,753
Public safety - police	363,334	347,434	345,216	2,218
Roads and streets	355,797	394,647	629,896	(235,249)
Debt service	-	-	19,294	(19,294)
Capital outlay	<u>397,000</u>	<u>727,000</u>	<u>568,798</u>	<u>158,202</u>
Total expenditures	<u>1,442,016</u>	<u>1,838,916</u>	<u>1,913,286</u>	<u>(74,370)</u>
Excess (deficiency) of revenues over expenditures	(147,316)	26,284	(37,633)	(63,917)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>27,211</u>	<u>27,211</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>27,211</u>	<u>27,211</u>
Net change in fund balance	<u>\$ (147,316)</u>	<u>\$ 26,284</u>	<u>(10,422)</u>	<u>\$ (36,706)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>2,251,037</u>	
End of year			<u>\$ 2,240,615</u>	

**TOWN OF MARINGOUIN, LOUISIANA  
FIRE PROTECTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Sales and use tax	\$ 135,000	\$ 140,000	\$ 153,024	\$ 13,024
Miscellaneous	<u>3,500</u>	<u>6,500</u>	<u>-</u>	<u>(6,500)</u>
Total revenues	<u>138,500</u>	<u>146,500</u>	<u>153,024</u>	<u>6,524</u>
<b>EXPENDITURES</b>				
Current function:				
Public safety - fire	105,500	105,200	100,152	5,048
Debt service	22,051	22,051	22,052	(1)
Capital outlay	<u>10,000</u>	<u>-</u>	<u>2,520</u>	<u>(2,520)</u>
Total expenditures	<u>137,551</u>	<u>127,251</u>	<u>124,724</u>	<u>2,527</u>
Net change in fund balance	<u>\$ 949</u>	<u>\$ 19,249</u>	<u>28,300</u>	<u>\$ 9,051</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>100,157</u>	
End of year			<u>\$ 128,457</u>	

# TOWN OF MARINGOUIN, LOUISIANA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2014

### NOTE 1 - BUDGETS

#### Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the accrual basis, covers the general, special revenue, debt service and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

#### Basis of Accounting

All of the Town's budgets are prepared on the accrual basis of accounting as described in Note 1 to the Town's financial statements for the year ended September 30, 2014.

### NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Expenditures Exceeding Appropriations

Excess of expenditures over appropriations in individual funds or departments within the fund occurred as follows:

	Revised Budget	Actual (GAAP Basis)	Excess (over)/under Budget
<b>Governmental Funds:</b>			
General Fund:			
Roads and streets	\$ 394,647	\$ 629,896	\$ (235,249)
Debt service	-	19,294	(19,294)
Fire Protection Fund:			
Capital outlay	-	2,520	(2,520)

**TOWN OF MARINGOUIN, LOUISIANA****WATER AND SEWER SYSTEM SCHEDULE**

September 30, 2014  
(Without Audit)

Records maintained by the Town of Maringouin indicated the number of residential and commercial users for both water and sewer systems at September 30, 2014 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	1,089	442
Commercial	36	16
Governmental	3	3

At September 30, 2014, the Town was charging the following rates for usage of their water and sewer systems:

Schedule of Water Rates

Residential- inside municipality:  
\$8.00- first 2000 gallons (minimum)  
\$0.15 per 100 gallons thereafter

Residential- outside municipality:  
\$10.00- first 2000 gallons (minimum)  
\$0.175 per 100 gallons thereafter

Commercial:  
\$25.00- first 2000 gallons (minimum)  
\$0.175 per 100 gallons next 8,000 gallons  
\$0.15 per 100 gallons thereafter

Schedule of Sewer Rates

Residential:  
\$9.00 base rate  
\$0.155 per each 100 gallon unit

Commercial:  
\$14.00 base rate  
\$0.155 per each 100 gallon unit

**TOWN OF MARINGOUIN**

Maringouin, Louisiana

**SCHEDULE OF INSURANCE IN FORCE**

September 30, 2014

(Without Audit)

<b>Issuer</b>	<b>Kind of Insurance</b>	<b>Insurance</b>	<b>Expiration Date</b>
LA Municipal Risk Management Agency	Automobile Liability	\$1,000,000 CSL Bodily Injury and Property Damage	5/1/2015
	Commercial General Liability	\$500,0000 CSL Bodily Injury and Property Damage	5/1/2015
	Errors and Omissions	\$500,0000 CSL Errors and Omissions	5/1/2015
	Law Enforcement Officer	\$500,0000 CSL Personal Injury and Property Damage	5/1/2015

**TOWN OF MARINGOUIN, LOUISIANA**

**SCHEDULE MAYOR AND TOWN COUNCIL**

September 30, 2014  
(Without Audit)

The Town's Mayor and Town Council at September 30, 2014 are as follows:

Mayor John Overton  
Post Office Box 624  
Maringouin, LA 70757  
(225) 625-8785

**Town Council:**

Demi Vorise  
Post Office Box 697  
Maringouin, LA 70757  
(225) 625-2057

Sam W. Watson  
Post Office Box 449  
Maringouin, LA 70757  
(225) 625-4527

Kirkland Anderson  
Post Office Box 684  
Maringouin, LA 70757  
(225) 937-4557

Edward James, Jr.  
Post Office Box 103  
Maringouin, LA 70757  
(225) 625-2642

Clarence D. Wiley  
Post Office Box 391  
Maringouin, LA 70757  
(225) 716-1105

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Board of Alderman  
Town of Maringouin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Maringouin, Louisiana's basic financial statements and have issued our report thereon dated March 31, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Maringouin, Louisiana's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, [2014-01].



## **Compliance and other matters**

As part of obtaining reasonable assurance about whether the Town of Maringouin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2014-02, 2014-03, 2014-04 and 2014-05].

## **Town of Maringouin's Response to Findings**

The Town of Maringouin, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Town of Maringouin, Louisiana's responses and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gonzales, Louisiana  
March 31, 2015

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal Control over Financial Reporting:

- |   |               |              |
|---|---------------|--------------|
| • Material weakness(es) identified?   | _____ yes     | ___ x ___ no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | ___ x ___ yes | _____ no     |

Noncompliance material to financial statements noted?	___ x ___ yes	_____ no
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**B. FINDINGS- FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**2014-01 Legislative Audit Advisory Services Report**

**Observation:** In March 2009, the Louisiana Legislative Auditor issued an advisory services report relating to the best practices review of Town operating practices. The report outlined deficiencies in operations, opportunities to enhance procedures and recommendations for corrective action. The unresolved matters outlined in the report relate to the following:

- Utility Customer Accounts
- Purchasing and Disbursements
- Written Policies and Procedures
- Disaster Recovery Plan

The report cited several areas as follows:

**Utility Customer Accounts**

***Reconciliation of the Master Water Meter***

**Condition:** Management has not implemented adequate procedures to report master water meter readings to the town clerk for reconciliation to customer usage.

**Criteria:** The Town Clerk should obtain monthly master meter readings and reconcile to total customer usage to ensure adequate billing.

**Effect:** The Town is unable to determine if water billings to customer agrees to the total usage by town.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-01 Legislative Audit Advisory Services Report (continued)**

**Utility Customer Accounts (continued)**

***Reconciliation of the Master Water Meter (continued)***

*Recommendation:* The Town should consider implementing the recommendations made by the Legislative Auditor to develop procedures to ensure that the Town Clerk is provided with adequate monthly master meter readings to reconcile usage to customers' billings.

*Management's corrective action plan:* The necessary monthly reconciliation process will be reviewed with current administrative and utility operations personnel to initiate the process in 2015. As such, the Town expects to put this process in place and monitor the results on a periodic basis.

**Purchasing and Disbursements**

***Purchasing not Centralized***

*Condition:* Purchasing decisions are made after the receipt of the purchase order or without a proper purchase order issued by the Town Clerk.

*Criteria:* Purchase orders are used to document proper authorization of disbursements and also to determine that the fund has adequate resources in the budget to cover the expense.

*Effect:* The Town is exposed to financial hardships and as well as violating state budget laws.

*Recommendation:* All purchases should be supported by approved purchase orders issued by the Town Clerk so that the Town can monitor expenditures from a financial and budgetary standpoint.

*Management's corrective action plan:* Town management has reviewed the procurement processes of the Town as part of the development of a more comprehensive written policy and procedure manual. This manual will assist in providing a clear understanding of the acceptable purchasing procedures that should and will be followed by the Town's personnel.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-01 Legislative Audit Advisory Services Report (continued)**

**Written Policies and Procedures**

*Condition:* The Town's written policies and procedures were not formally adopted by the board of aldermen.

*Criteria:* The board of alderman should review and formally adopt the policies and procedures of the town.

*Effect:* The Town's personnel do not a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. Additionally, management has not reviewed all policies and procedures to ensure they meet their expectations.

*Recommendation:* The City should adhere to the Legislative Auditor's recommendation:

*Management's corrective action plan:* The Town has drafted the written policies and procedures as suggested. The Town's new administration will review this manual and develop written procedures considered vital. Furthermore, the manual will be ratified by the Town Council.

**Disaster Recovery Plan**

*Condition:* A disaster recovery plan was recommended in the Legislative Auditor's report.

*Criteria:* A written disaster recovery/business continuity plan will provide the steps to be performed to continue town operations in the event of a disaster.

*Effect:* The Town is operating without a tailored disaster recovery/business continuity plan.

*Recommendation:* The Town should consider drafting a disaster recovery plan.

*Management's corrective action plan:* The Town is presently using the Parish wide plan adopted by the Parish of Iberville, which the Town considers sufficient; however, the Town will consider developing and adopting a separate set of procedures for internal utilization.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-02 Legislative Audit Advisory Services Report**

**Observation:** In January 2015, the Louisiana Legislative Auditor issued an investigative audit report relating to complaints received concerning certain operations within the Town's police department. The audit was initiated to determine the validity of the complaints. Subsequent to beginning the audit, additional concerns came to their attention involving other Town functions. The unresolved matters outlined in the report relate to the following:

- Public Funds Used for Non-Public Purposes
- Supplemental Payments to Officers and Police Chief
- Improper Disposition of Traffic Citations
- Faulty Purchasing Process

The report cited several areas as follows:

**Public Funds Used for Non-Public Purposes**

*Condition:* From March 7, 2012 to March 14, 2014, Maringouin (Town) Police Chief John Simien and Officer Daniel Dorsey extended their hotel stays while attending out-of-town training conferences for purposes that did not benefit the public (i.e., non-public purposes). These nonpublic expenditures of public funds totaled \$1,291. By using public funds for non-public purposes, Chief Simien and Officer Dorsey may have violated state laws.

*Criteria:* The Town's policy provides that employees who travel in the course and scope of their employment be paid for actual travel expenses incurred on a reimbursement basis.

*Effect:* By using public funds for non-public purposes, Chief Simien and Officer Dorsey may have violated state laws.

*Recommendation:* The Town should consider implementing the recommendations made by the Legislative Auditor to require that travel expenses include original receipts, invoices, and other supporting documentation and review all travel expenses to ensure that all refunds are received by the Town.

*Management's corrective action plan:* Town management concurs with the recommendations made by the Legislative Auditor. This matter will be provided to the District Attorney's office for further investigation. Additionally, the Police Chief's term ended on December 31, 2014 and is no longer employed by the Town of Maringoin Police Department.

The Town is also reviewing this matter with its legal counsel for any further action.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-02 Legislative Audit Advisory Services Report (continued)**

**Supplemental Payments to Police Officers and Police Chief**

*Condition:* From January 1, 2007 to December 31, 2013, Town officials authorized supplemental payments totaling \$116,807 to Chief Simien and the three full-time police officers, but failed to include these payments when calculating the officers' state and federal income tax deductions, Medicaid deductions, and retirement contributions. In addition, Chief Simien received \$31,000 of the \$116,807 in supplemental payments that he was not eligible to receive. By failing to include the supplemental payments when calculating the officer's payroll, and authorizing ineligible supplemental payments to Chief Simien, the mayor and Chief Simien may have violated the Louisiana Constitution and state law.

*Criteria:* The Town failed to include supplemental pay to the Chief and three full-time police officers in calculating the officers' state and federal income tax deductions, Medicaid deductions, and retirement contributions. In addition, Chief Simien received supplemental pay that he was not eligible to receive.

*Effect:* By failing to include the supplemental payments when calculating the officer's payroll, and authorizing ineligible supplemental payments to Chief Simien, the mayor and Chief Simien may have violated the Louisiana Constitution and state law.

*Recommendation:* The Town should consider implementing the recommendations made by the Legislative Auditor to implement detailed policies and procedures to ensure that only eligible police officers, as defined by state law, are submitted to the Louisiana Department of Public Safety for supplemental pay benefits and consult with legal counsel concerning monies paid to employees without proper withholdings and concerning possible reimbursement of ineligible supplemental benefits to Chief Simien.

*Management's corrective action plan:* In 2015, the Town has implemented policies and procedures which ensure that only eligible public safety employees receive supplemental pay benefits and began including supplemental pay benefits as a component of the Town's eligible employees payroll distributions.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-02 Legislative Audit Advisory Services Report (continued)**

**Improper Disposition of Traffic Citations**

*Condition:* From March 2012 through July 2014, the police department issued a total of 291 moving violation citations, of which Magistrate Sharah Harris-Wallace appears to have improperly reduced 124 (43%) to non-moving violations. In addition, the police department clerk reduced moving violations with little or no management oversight.

*Criteria:* Magistrate Sharah Harris-Wallace did not have the authority to concurrently be the Town's magistrate and prosecutor, nor did she have the authority to dismiss a citation or to reduce a moving traffic violation to a non-moving violation and require the offender pay a cost-of-court fee outside of open court. The Town failed to properly dispose of traffic citations and the police department clerk reduced moving violations with little or no management oversight.

*Effect:* The Towns' Magistrate, Mayor and Board may be in violation of Louisiana state laws.

*Recommendation:* The Town should consider implementing the recommendations made by the Legislative Auditor to develop written policies/procedures for processing traffic citations, including accounting for numerical sequence of all citations and the final disposition of those citations on at least a monthly basis; ensure that all traffic citations are presented and disposed of in open court or by a duly-appointed Town prosecutor. In addition, documentation of the reason(s) for dismissing/reducing tickets and the authorization of such action should be documented; and ensure that all traffic violations are properly reported to the Louisiana Department of Public Safety as required by state law.

*Management's corrective action plan:* The Town is in the process of developing policies and procedures under a newly elected police chief to ensure that the following actions are taken in regards to administration of traffic citations: 1) traffic citations shall be issued in numerical sequence to assist in ensuring that a complete list of issued citations have been disposed of on a monthly basis, 2) monthly reports shall be presented and disposed of in open court or by a duly appointed Town prosecutor, to include explanation and proper authorization(s) and documentation of any dismissed citation or reduced fine amounts, and 3) monthly reports confirming that traffic citations are reported to the Louisiana Department of Public Safety are being maintained.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2014-02 Legislative Audit Advisory Services Report (continued)**

**Faulty Purchasing Process**

*Condition:* On December 16, 2013, the Maringouin Police Department purchased weapons and supplies totaling \$1,710, which the mayor refused to pay until December 11, 2014.

*Criteria:* The Town did not satisfy its debt within a reasonable amount of time.

*Effect:* The Town did not satisfy its debt within a reasonable amount of time.

*Recommendation:* The Town should consider implementing the recommendations made by the Legislative Auditor to seek a legal opinion concerning the ordinance governing Town expenditures; establish written and legally consistent policy and procedures for the purchase order process; and satisfy its debt to Cabela's.

*Management's corrective action plan:* The Town has previously established written policy and procedures over the purchasing and disbursement processes. The Town considers this to be an isolated incident and will continue to administer its purchasing and disbursement processes under policies and procedures previously adopted by the Town Council. Additionally, the Town has satisfied the debt to Cabela's, after the Council adopted a resolution to do so, in December 2014.

**C. NON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

**2014-03 Noncompliance with Bond Covenants**

*Condition:* The Town is not in compliance with the bond covenants requiring monthly deposits to be made into the waterworks revenue bond Sinking and Contingency Fund on or before the 20<sup>th</sup> day of month.

*Criteria:* Appropriate deposits should be made in the during the year in order to comply with requirements set forth in the bond covenants.

*Effect:* The Town is not in compliance with its bond covenants as specified in the bond resolutions.

*Recommendation:* We recommend the Town adhere to all of the bond covenants set forth in the bond resolutions.

*Management's corrective action plan:* The Town will fund and maintain current amounts during 2015.



**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND REPSONSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

**C. NON COMPLIANCE WITH STATE LAWS AND REGULATIONS** (continued)

**2014-04 Fiscal Agency and Cash Management Law**

*Condition:* At September 30, 2014, the Town of Maringouin had deposits that were uncollateralized by \$798,967.

*Criteria:* Louisiana Revised Statute 39:1225 requires the amount of security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

*Effect:* Due to the inadequate collateralization on September 30, 2014, the Town's deposits were unsecured by \$798,967.

*Cause:* The Town received loan proceeds at the end of the fiscal year with no security adjustment made by the Town's bank.

*Recommendation:* Management should review the deposits of the Town periodically and determine the adequate collateralization of deposits.

*Management's Response:* We concur that the Town was inadequately collateralized as of September 30, 2014. However, the Town corrected this matter immediately upon discovery. Furthermore, Town has since taken necessary actions to ensure that all cash accounts are adequately collateralized in future periods.

**2014-05 Public Bid Law**

*Condition:* The Town purchased a utility vehicle during the year, but was not able to provide supporting documentation that the Town complied with bid law for the acquisition.

*Criteria:* According to Louisiana Public Bid Law, the Town is required to obtain and document at least three telephone or facsimile quotes, obtain written confirmation of accepted offer and if a lower quote than the accepted quote a reason for rejection for purchases in excess of \$10,000 but less than \$30,000.

*Effect:* The Town is not in compliance with public bid law.

*Recommendation:* The Town should comply and maintain supporting documentation for purchases in accordance with public bid law.

*Management's Response:* We concur with the finding. During 2015, the Town will closely monitor purchases subject to the public bid law for compliance on a prospective basis.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**2013-01 Legislative Audit Advisory Services Report**

**Observation:** In March 2009, the Louisiana Legislative Auditor issued an advisory services report relating to the best practices review of Town operating practices. The report outlined deficiencies in operations, opportunities to enhance procedures and recommendations for corrective action. The unresolved matters outlined in the report relate to the following:

- Utility Customer Accounts
- Purchasing and Disbursements
- Written Policies and Procedures
- Disaster Recovery Plan

The report cited several areas as follows:

**Utility Customer Accounts**

**Reconciliation of the Master Water Meter**

*Condition:* Management has not implemented adequate procedures to report master water meter readings to the town clerk for reconciliation to customer usage.

*Current Year status:* Similar finding reported in current year.

**Purchasing and Disbursements**

***Purchasing not Centralized***

*Condition:* Purchasing decisions are made after the receipt of the purchase order or without a proper purchase order issued by the Town Clerk.

*Current Year status:* Similar finding reported in current year.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**A. FINDINGS- FINANCIAL STATEMENT AUDIT (continued)**

**2013-01 Legislative Audit Advisory Services Report (continued)**

**Written Policies and Procedures**

*Condition:* The Town's written policies and procedures were not formally adopted by the board of aldermen.

*Current Year status:* Similar finding reported in current year.

**Disaster Recovery Plan**

*Condition:* A disaster recovery plan was recommended in the Legislative Auditor's report.

*Current Year status:* Similar finding in current year.

**NON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

**2013-2 Louisiana Budget Law**

*Condition:* The Town of Maringouin's General Fund had an unfavorable variance of 41.48% of total actual revenues to total budgeted revenues.

*Current Year status:* No similar finding reported in current year.